

Commodity Markets Review

February 11, 2003

DECPG, The World Bank

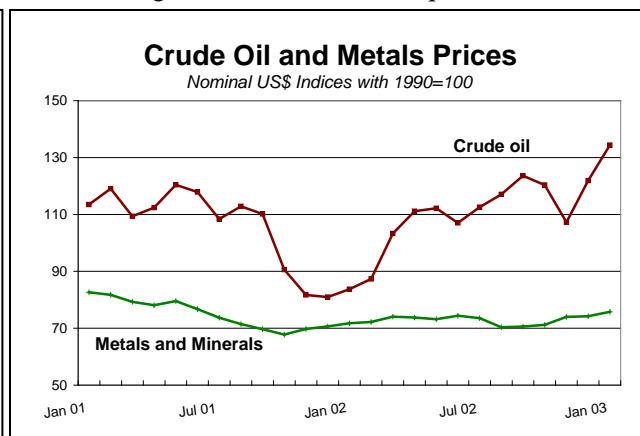
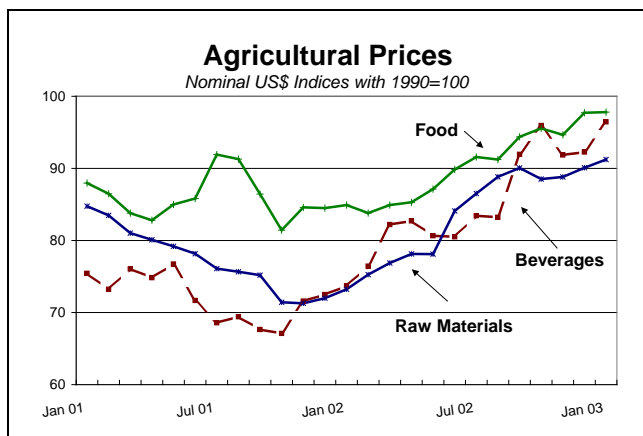
Crude oil prices rose 10 percent to average \$30.8/bbl in January mainly due to low stocks following strikes in Venezuela and cold weather in the U.S. Expectations of a disruption to oil supplies from war in Iraq also contributed to the increase. U.S. crude oil stocks at end-January were the lowest in more than 25 years, although the tightness in the market is now switching from crude to products, and that portends a strong gasoline market this spring and summer.

If war commences in the coming weeks, prices could spike sharply higher because of the low stock levels. Much will depend on how quickly and extensively consuming countries release strategic stocks if conflict commences. Venezuela's production has rebounded to 1.4 mb/d--about a third of its pre-strike level, but it is unclear how fast output will recover given the firing of technical workers, well damage, port closures, and time required to re-start refineries.

Non-oil commodity prices rose 1.6 percent in January, compared to the previous month, and were up 16.6 percent versus one year ago. Most agricultural indices increased, led by beverages and raw materials, largely on expectations of lower supplies. Metals and minerals prices continued their rally, largely due to supply constraints.

Agricultural prices rose 1.5 percent in January, due mostly to a 4.6 percent increase in beverage prices, while food prices were marginally higher and raw materials prices were up 1.2 percent. Cocoa prices were up 7.2 percent on continued uncertainty about exports from Côte d'Ivoire due to fighting between rebel and government forces. Coffee prices resumed their recovery from very depressed levels, with arabica prices up 2.2 percent and robusta prices up 8.2 percent.

Metals and minerals prices rose 2.1 percent in January, continuing a modest rally that began in August. However, metals prices are only up 5.6 percent compared with a year ago. The increase in January was mainly due to surging nickel prices due to possible disruptions to Russian exports from threatened strike action at Norilsk, and the loss of refined output in Botswana. Copper prices rose 3.3 percent on expectations of stronger demand, and it remains the strongest base metal because of producer restraint. There are some concerns about the immediate follow-through of a metals rally due to uncertainty about demand and the high levels of stocks. Gold prices have soared from \$319/toz in November to more than \$380 in early February, driven by weak equity markets, a declining dollar, and war in Iraq.



Prepared by a team from the Prospects Group of Development Economics (DECPG) consisting of Donald Mitchell, Shane Streifel, John Baffes and Betty Dow. Katherine Rollins is the task assistant. This report is available on the World Bank's intranet at <http://decpg.worldbank.org>.

Major Movers in January (monthly and 12 months)¹

Urea prices were up 15.7 percent due to supply disruptions at Baltic ports from severe weather, supply problems elsewhere, and strong demand from South America.

Natural gas prices in the U.S. increased 15.2 percent on colder-than-normal weather and large draw from storage.

Crude oil prices rose 10.3 percent because of low stocks, strikes in Venezuela, and expectations of supply disruption in Iraq.

Nickel prices continued to surge, up 11.6 percent, on a possible strike at Russia's Norilsk, the world's largest producer, and shutdown of a smelter in Botswana.

Beef prices were up 9.3 percent due to liquidated herds in countries with droughts last summer (Australia, Canada and the U.S.) and strong demand from Korea and Japan due to the Asian New Year.

Coffee (robusta) prices increased 8.2 percent due to expectations of lower supplies from Vietnam and slowing exports from Brazil.

Rice prices were up 7.6 percent due to increased buying from countries expecting El Niño related supply disruptions (such as Indonesia and Philippines) and precautionary buying ahead of the possible war in Iraq.

Gold prices averaged \$357/toz in January, up 7.5 percent, and surged above \$380 in early February on fears of war, the declining U.S. dollar, and safe-haven buying.

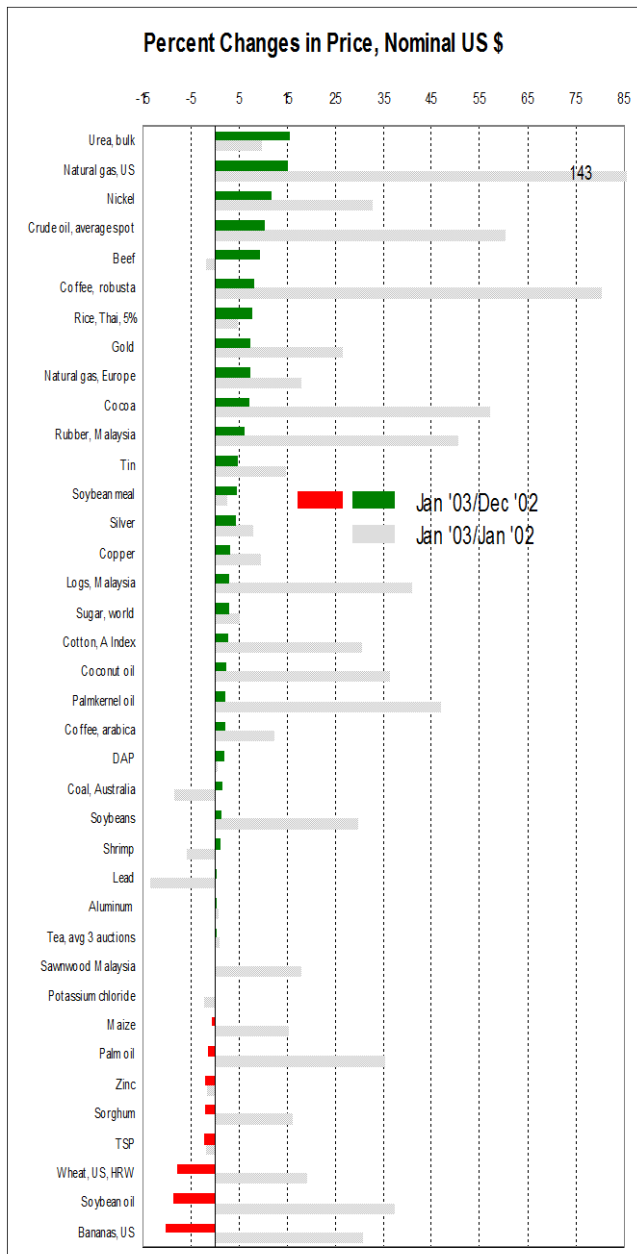
Cocoa prices rose 7.2 percent on continued fighting in Cote d'Ivoire which has reduced exports by an estimated 15 percent.

Rubber prices increased 7 percent in January due to adverse weather conditions in Thailand, and a surge in import demand, especially by China.

Wheat prices fell 7.9 percent due to improved moisture conditions in the U.S., and large exports supplies from non-traditional exporters such as Russia and Ukraine.

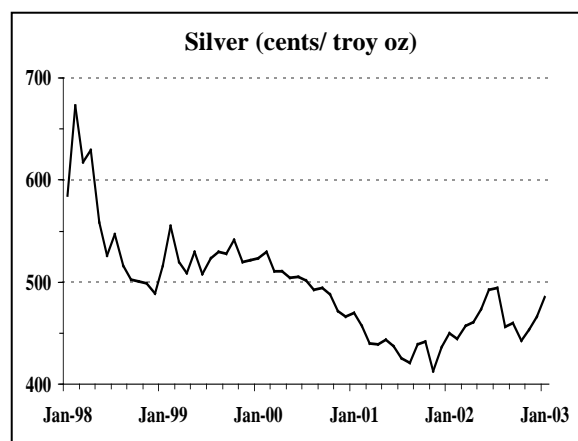
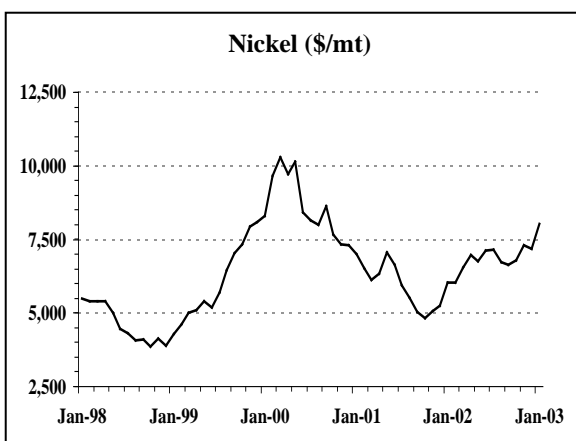
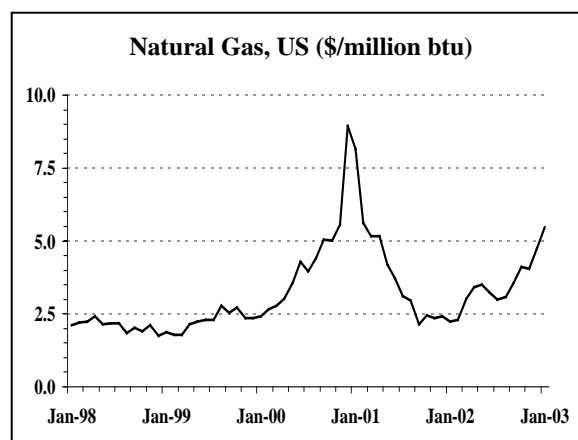
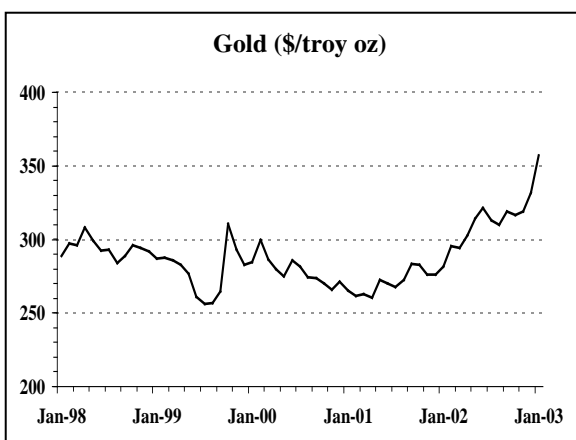
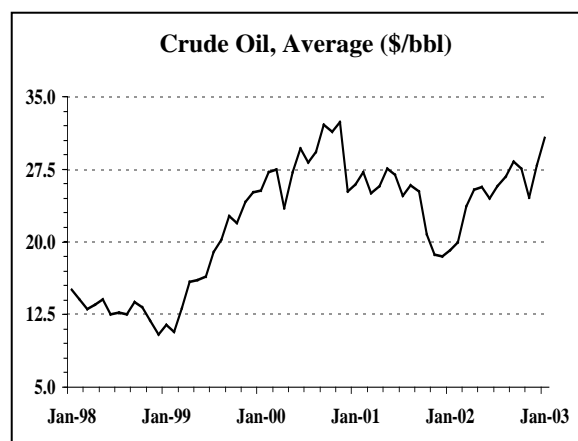
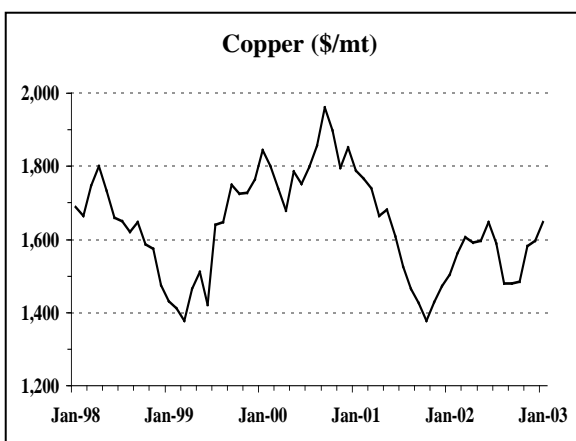
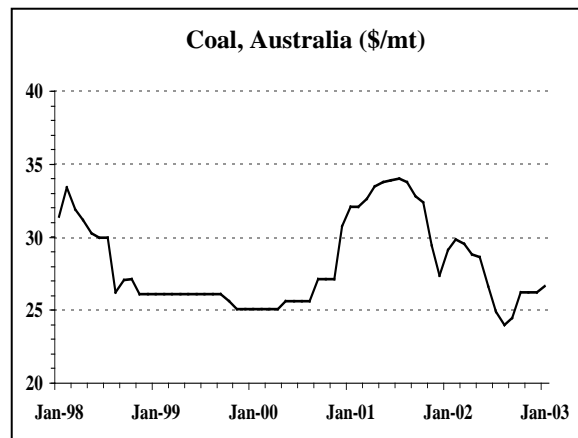
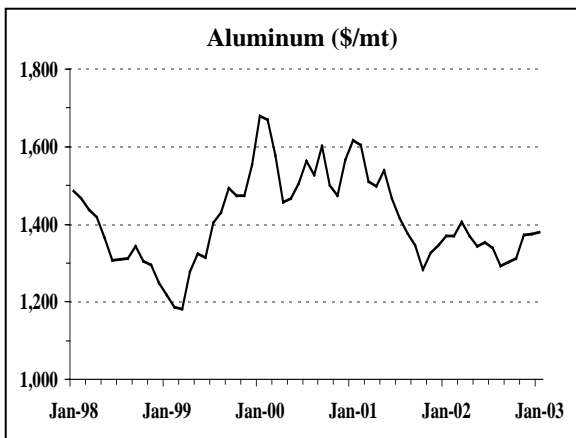
Soybean oil prices declined 8.5 percent in January because of a revised estimate of the U.S. soybean crop. Prices are expected to remain firm because of strong import demand by China and India, which together account for almost one-third of imports.

Bananas prices in the U.S. fell 10.3 percent in January mainly due to increased exports from Ecuador.

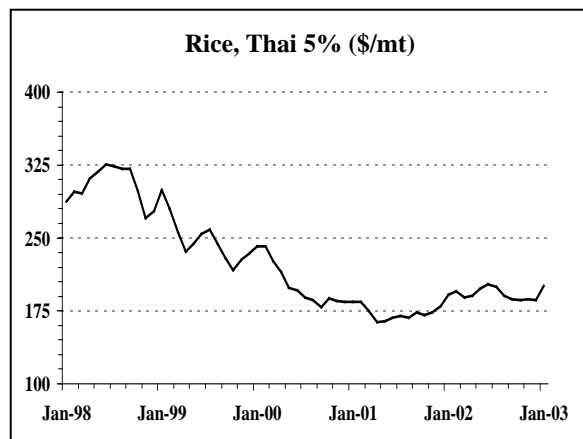
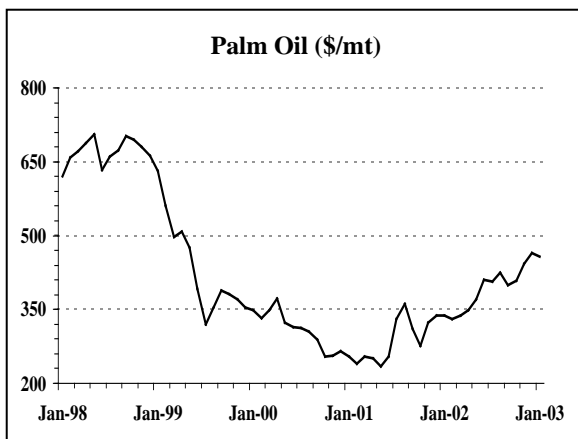
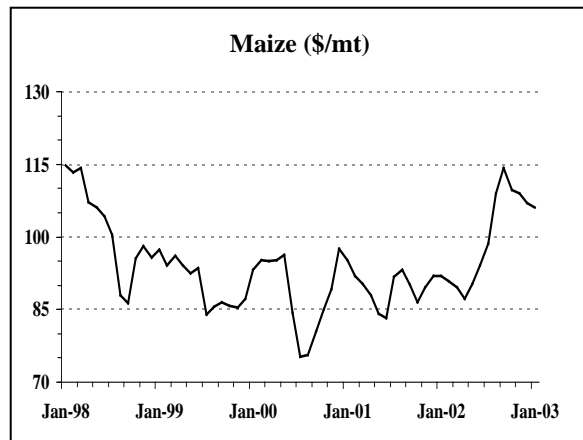
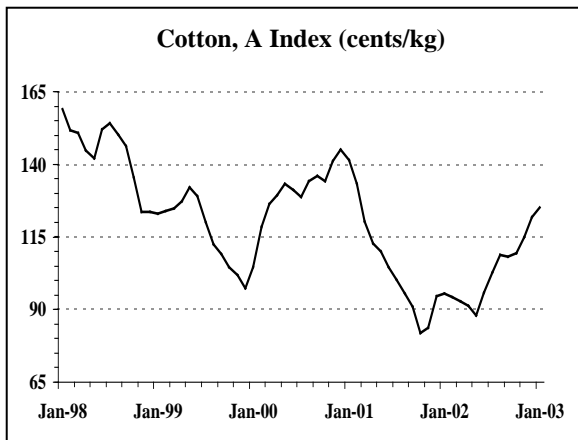
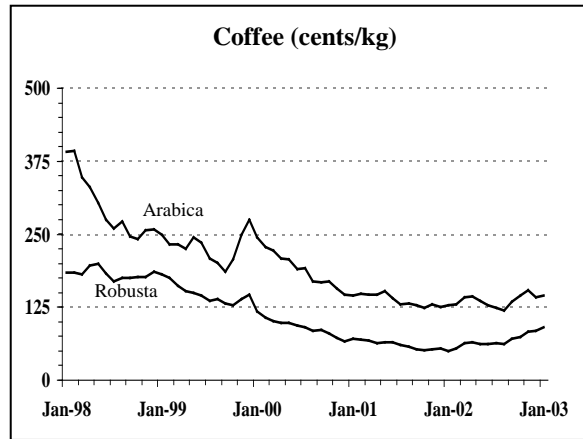
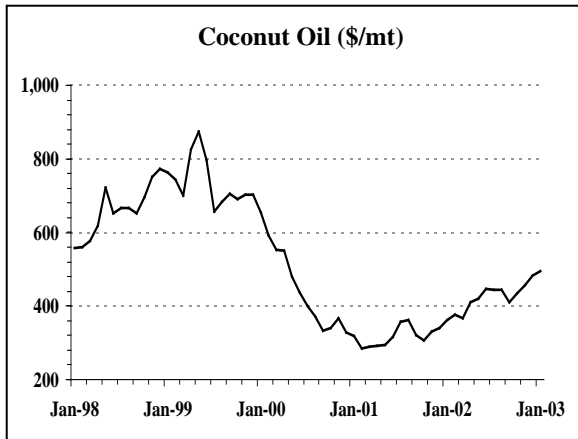
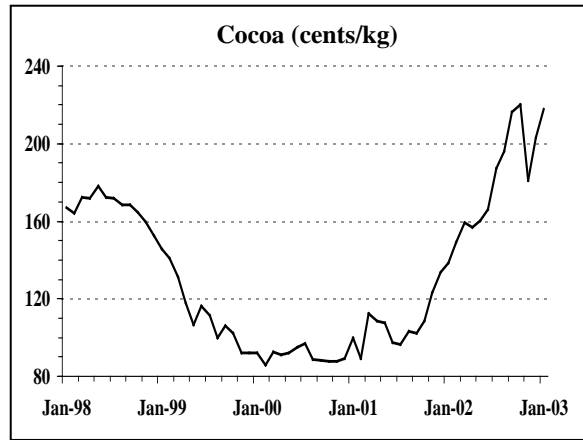
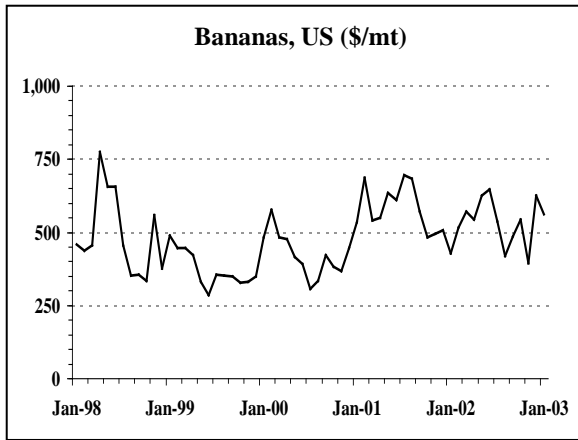


¹ Based on the percent change of average January 2003 compared to average December 2002 and January 2002 prices in nominal U.S. dollars.

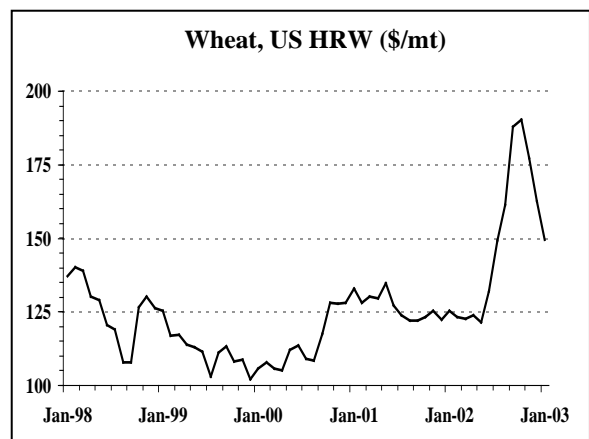
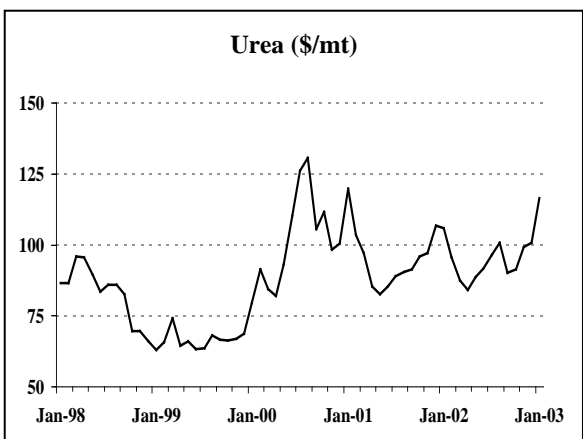
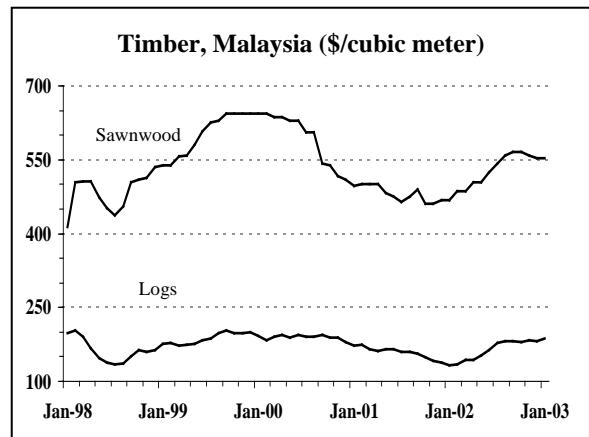
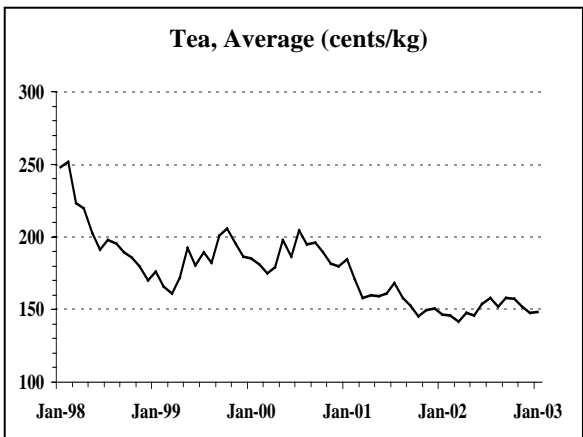
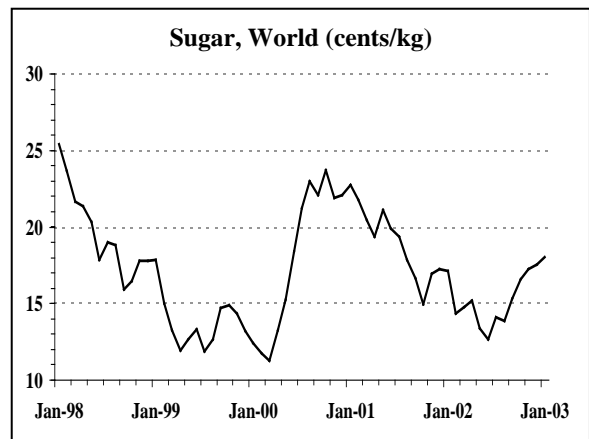
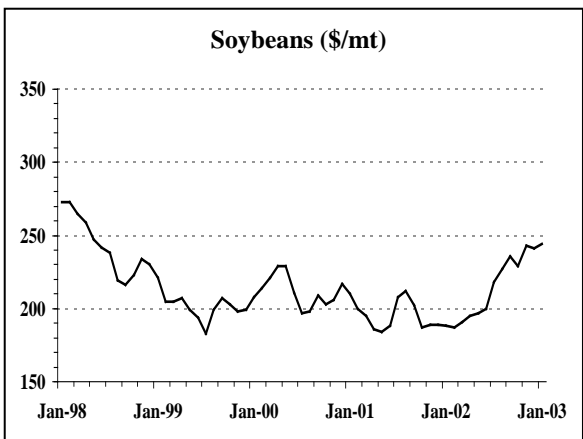
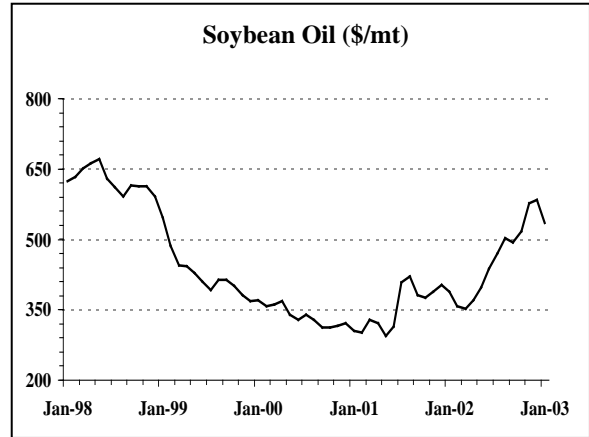
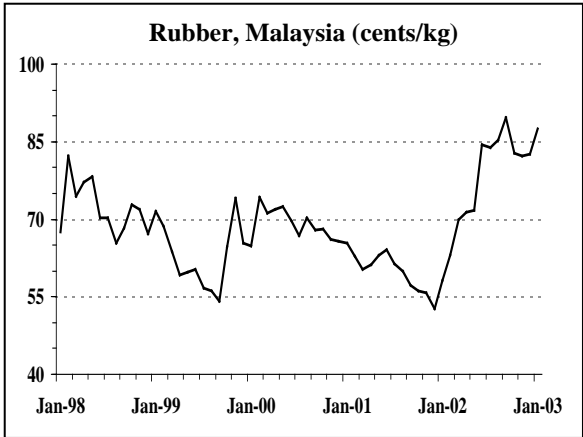
Selected Commodity Prices, Nominal US dollars, 1998-2003



Selected Commodity Prices, Nominal US dollars, 1998-2003 cont'd



Selected Commodity Prices, Nominal US dollars, 1998-2003 cont'd



COMMODITY PRICE DATA

Commodity	Unit	Annual averages			Quarterly averages				Monthly averages			
		Jan-Dec 2001	Jan-Dec 2002	Jan-Jan 2003	Oct-Dec 2001	Jan-Mar 2002	Apr-Jun 2002	Jul-Sep 2002	Oct-Dec 2002	Nov 2002	Dec 2002	Jan 2003
Energy												
Coal, Australia	\$/mt	32.31	27.06	26.65	29.72	29.50	28.04	24.45	26.25	26.25	26.25	26.65
Coal, US	\$/mt	44.86	40.02	n.a.	46.30	40.31	39.73	n.a.	n.a.	n.a.	n.a.	n.a.
Crude oil, average spot	a/ \$/bbl	24.35	24.93	30.75	19.31	20.92	25.20	26.94	26.65	24.54	27.89	30.75
Crude oil, Brent	a/ \$/bbl	24.42	24.97	31.25	19.34	21.16	25.06	26.91	26.75	24.18	28.52	31.25
Crude oil, Dubai	a/ \$/bbl	22.71	23.72	28.05	18.24	20.02	24.28	25.57	25.01	23.16	25.70	28.05
Crude oil, West Texas Int.	a/ \$/bbl	25.92	26.09	32.95	20.36	21.60	26.26	28.32	28.19	26.28	29.44	32.95
Natural gas, Europe	\$/mmbtu	4.06	3.05	3.61	3.46	3.02	2.85	3.01	3.33	3.34	3.36	3.61
Natural gas, US	\$/mmbtu	3.96	3.35	5.46	2.41	2.53	3.38	3.21	4.30	4.04	4.74	5.46
Non-Energy Commodities												
Agriculture												
Beverages												
Cocoa	b/ c/kg	106.9	177.8	217.8	121.8	149.0	161.0	199.7	201.5	181.2	203.2	217.8
Coffee, arabica	b/ c/kg	137.3	135.7	144.6	126.4	133.6	136.2	126.0	146.8	154.0	141.5	144.6
Coffee, robusta	b/ c/kg	60.7	66.2	90.8	52.4	56.1	63.3	65.1	80.3	83.6	83.9	90.8
Tea, average 3 auctions	b/ c/kg	159.8	150.6	148.4	148.6	144.8	149.2	155.8	152.6	152.2	148.0	148.4
Tea, Colombo auctions	b/ c/kg	161.7	156.2	160.9	162.8	168.6	150.0	150.1	156.1	153.7	153.5	160.9
Tea, Kolkata auctions	b/ c/kg	166.1	146.4	133.4	142.6	115.8	153.3	165.9	150.6	151.5	143.4	133.4
Tea, Mombasa auctions	b/ c/kg	151.7	149.2	150.8	140.4	150.1	144.4	151.3	151.1	151.5	147.3	150.8
Food												
Fats and Oils												
Coconut oil	b/ \$/mt	318.1	421.0	494.0	325.3	368.0	425.7	432.7	457.7	457.0	482.0	494.0
Copra	\$/mt	202.1	266.3	311.0	203.0	228.3	265.3	283.0	288.3	290.0	301.0	311.0
Groundnut oil	b/ \$/mt	680.3	687.1	889.0	667.3	667.0	648.0	655.3	778.0	771.0	845.0	889.0
Palm oil	b/ \$/mt	285.7	390.3	458.0	312.7	335.3	377.0	410.3	438.3	442.0	465.0	458.0
Palmkernel oil	\$/mt	308.1	415.8	498.0	310.0	352.0	423.7	430.0	457.7	456.0	487.0	498.0
Soybean meal	b/ \$/mt	181.0	175.2	187.0	179.0	171.7	169.0	177.7	182.3	186.0	179.0	187.0
Soybean oil	b/ \$/mt	354.0	454.3	535.0	389.0	366.7	401.7	489.0	559.7	577.0	585.0	535.0
Soybeans	b/ \$/mt	195.8	212.7	244.0	188.3	188.7	197.3	227.0	237.7	243.0	241.0	244.0
Grains												
Maize	b/ \$/mt	89.6	99.3	106.1	89.3	90.8	90.5	107.3	108.5	108.9	107.0	106.1
Rice, Thai, 5%	b/ \$/mt	172.8	191.9	200.8	174.5	192.0	196.8	192.2	186.5	186.8	186.5	200.8
Rice, Thai, 25%	\$/mt	153.1	175.0	185.3	160.2	172.4	177.0	176.1	174.4	175.3	174.0	185.3
Rice, Thai, 35%	\$/mt	149.1	170.5	181.5	157.0	167.9	170.8	171.8	171.5	172.5	171.0	181.5
Rice, Thai, A1.Special	\$/mt	134.1	150.2	152.0	138.5	145.8	148.5	149.8	156.6	158.3	154.3	152.0
Sorghum	b/ \$/mt	95.2	101.7	110.8	95.2	93.3	89.2	110.5	114.0	115.1	113.3	110.8
Wheat, Canada	\$/mt	151.5	175.8	193.6	148.5	147.4	143.7	190.1	221.8	225.8	205.8	193.6
Wheat, US, HRW	b/ \$/mt	126.8	148.1	149.6	123.7	123.7	125.7	166.1	176.7	177.4	162.5	149.6
Wheat, US, SRW	\$/mt	107.7	130.0	137.5	116.5	117.2	113.1	135.1	154.4	160.0	146.2	137.5
Other Food												
Bananas, EU	\$/mt	777.2	759.4	892.9	677.8	844.9	790.7	707.0	695.1	649.1	752.5	892.9
Bananas, US	b/ \$/mt	583.3	528.6	560.8	495.4	505.7	605.8	480.9	521.9	396.1	625.2	560.8
Beef	b/ c/kg	212.9	212.7	218.5	226.7	230.0	216.1	210.2	194.5	191.9	200.0	218.5
Fishmeal	\$/mt	486.7	605.9	607.0	541.7	589.3	621.7	617.0	595.7	593.0	588.0	607.0
Lamb	c/kg	291.2	330.3	360.4	303.7	311.1	319.2	339.7	351.5	351.1	356.6	360.4
Oranges	b/ \$/mt	595.5	555.0	455.0	438.5	518.8	604.6	609.1	487.6	446.0	430.0	455.0
Shrimp	c/kg	1,517	1,052	1,113	1,230	1,162	983	992	1,069	1,080	1,102	1,113
Sugar, EU, domestic	b/ c/kg	52.86	54.92	59.00	52.77	52.14	53.44	56.61	57.48	57.51	57.98	59.00
Sugar, US, domestic	b/ c/kg	47.04	46.14	48.60	46.97	45.78	43.74	46.41	48.62	49.16	48.56	48.60
Sugar, world	b/ c/kg	19.04	15.18	18.06	16.40	15.42	13.76	14.43	17.12	17.26	17.53	18.06
Raw Materials												
Timber												
Logs, Cameroon	\$/cum	266.1	n.a.	n.a.	266.2	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Logs, Malaysia	b/ \$/cum	159.1	163.4	187.8	143.4	137.2	153.6	180.9	181.9	183.5	182.2	187.8
Plywood	c/sheet	409.8	402.7	434.0	397.0	369.9	389.9	430.7	420.4	424.1	421.2	434.0
Sawnwood, Cameroon	\$/cum	471.9	486.4	536.3	459.6	447.1	473.5	511.4	513.5	515.9	519.6	536.3
Sawnwood, Malaysia	b/ \$/cum	481.4	526.5	552.5	463.9	480.2	510.5	555.9	559.4	559.4	552.5	552.5
Woodpulp	\$/mt	517.3	452.3	440.9	444.0	431.4	443.3	483.9	450.7	447.6	440.9	440.9
Other Raw Materilas												
Cotton, "A Index"	b/ c/kg	105.8	101.9	125.0	86.8	94.2	91.6	106.5	115.3	114.8	121.8	125.0
Cotton, Memphis	c/kg	116.6	104.9	n.a.	93.6	98.6	98.1	109.4	117.8	121.3	n.a.	n.a.
Jute	\$/mt	329.4	270.8	230.0	335.0	350.0	n.a.	235	227.3	227.0	230.0	230.0
Rubber, Malaysia	b/ c/kg	60.0	77.1	87.5	54.9	63.6	75.9	86.3	82.5	82.2	82.5	87.5
Rubber, US	c/kg	74.7	90.7	105.4	68.7	75.9	85.9	101.0	100.0	99.1	100.0	105.4
Rubber, Singapore	c/kg	57.5	76.5	90.6	51.3	62.1	74.0	86.1	83.8	84.0	84.7	90.6
Sisal	\$/mt	699.2	659.6	650.0	663.3	670.0	668.3	650.0	650.0	650.0	650.0	650.0
Wool	c/kg	418.7	469.0	565.0	387.3	455.7	447.3	438.3	534.7	551.0	560.0	565.0

continued on next page

a/ Included in the petroleum index b/ Included in the non-energy index c/ Steel not included in the non-energy index
 \$ = U.S. dollar ¢ = U.S. cent bbl = barrel cum = cubic meter dmtu = Dry Metric Ton Unit kg = kilogram mmbtu = million British thermal units
 mt = metric ton toz = troy oz n.a. = not available n.q. = not quotation

COMMODITY PRICE DATA

Commodity	Unit	----- Annual averages -----			----- Quarterly averages -----					----- Monthly averages -----		
		Jan-Dec 2001	Jan-Dec 2002	Jan-Jan 2003	Oct-Dec 2001	Jan-Mar 2002	Apr-Jun 2002	Jul-Sep 2002	Oct-Dec 2002	Nov 2002	Dec 2002	Jan 2003
Fertilizers												
DAP	\$/mt	147.7	157.5	153.8	145.8	155.0	155.8	167.3	152.1	151.4	151.0	153.8
Phosphate rock	b/ \$/mt	41.8	40.4	38.0	41.0	41.0	41.0	41.0	38.5	38.0	38.0	38.0
Potassium chloride	\$/mt	118.1	113.3	112.5	115.8	115.3	112.9	112.5	112.5	112.5	112.5	112.5
TSP	b/ \$/mt	126.9	133.1	128.6	128.5	135.7	132.3	132.1	132.2	132.0	131.5	128.6
Urea, Black Sea, bagged	\$/mt	105.3	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Urea, Ukrain, bulk	\$/mt	95.3	94.4	116.5	99.9	96.4	88.2	95.8	97.1	99.1	100.7	116.5
Metals and Minerals												
Aluminum	b/ \$/mt	1,444	1,350	1,378	1,318	1,381	1,356	1,310	1,353	1,372	1,375	1,378
Copper	b/ \$/mt	1,578	1,559	1,648	1,426	1,557	1,611	1,516	1,554	1,582	1,596	1,648
Gold	\$/toz	271.0	310.0	356.9	278.4	290.4	312.8	314.2	322.5	319.1	331.9	356.9
Iron ore	¢/dmtu	30.03	29.31	29.31	30.03	29.31	29.31	29.31	29.31	29.31	29.31	29.31
Lead	b/ ¢/kg	47.6	45.3	44.5	47.9	49.1	45.5	43.0	43.5	44.2	44.4	44.5
Nickel	b/ \$/mt	5,945	6,772	8,026	5,056	6,203	6,946	6,833	7,104	7,314	7,193	8,026
Silver	¢/toz	438.6	462.5	485.6	430.3	450.7	475.4	470.1	454.0	453.9	465.8	485.6
Steel products (8) index	c/ 1990=100	66.8	67.7	71.4	63.7	63.7	66.0	69.7	71.4	71.4	71.4	71.4
Steel, cold rolled coilsheet	\$/mt	299.2	328.3	380.0	280.0	280.0	300.0	353.3	380.0	380.0	380.0	380.0
Steel, hot rolled coilsheet	\$/mt	216.5	246.7	280.0	200.0	200.0	236.7	270.0	280.0	280.0	280.0	280.0
Steel, rebar	\$/mt	221.5	204.2	210.0	200.0	200.0	200.0	206.7	210.0	210.0	210.0	210.0
Steel, wire rod	\$/mt	302.3	300.0	300.0	300.0	300.0	300.0	300.0	300.0	300.0	300.0	300.0
Tin	b/ ¢/kg	448.4	406.1	443.6	393.7	381.2	415.3	404.1	423.6	423.0	423.7	443.6
Zinc	b/ ¢/kg	88.6	77.9	78.1	76.3	79.5	78.2	76.6	77.3	76.5	79.8	78.1
World Bank commodity price indexes for low and middle income countries(1990 =100)												
Petroleum		106.4	109.0	134.4	84.4	91.5	110.1	117.7	116.5	107.3	121.9	134.4
Non-Energy Commodities		79.0	83.0	89.8	75.0	78.3	81.2	84.8	87.6	87.1	88.4	89.8
Agriculture		79.8	86.5	95.3	76.4	79.7	83.5	89.6	93.1	92.0	93.9	95.3
Beverages		72.1	84.6	96.5	70.4	77.4	81.3	86.2	93.4	91.9	92.3	96.5
Food		86.0	90.1	97.8	83.5	84.5	87.4	92.4	96.0	94.7	97.7	97.8
Fats and Oils		89.0	101.2	114.8	90.9	91.6	96.7	105.2	111.3	113.0	114.0	114.8
Grains		78.2	88.1	91.8	77.7	80.7	81.6	94.1	95.9	96.3	92.6	91.8
Other Food		87.9	82.1	87.3	80.7	80.9	83.1	80.9	83.4	78.7	87.2	87.3
Raw Materials		77.4	83.2	91.2	71.6	75.1	80.1	88.5	89.1	88.8	90.1	91.2
Timber		90.2	98.1	103.9	86.2	88.4	94.6	104.0	105.2	104.8	105.3	103.9
Other Raw Materials		68.6	73.1	82.5	61.6	66.0	70.2	77.9	78.2	77.9	79.7	82.5
Fertilizers		98.8	100.5	96.2	98.8	102.3	100.7	100.6	98.4	97.8	97.6	96.2
Metals and Minerals		75.1	72.8	75.8	69.4	72.7	73.8	71.5	73.2	74.0	74.2	75.8

a/ Included in the petroleum ind

b/ Included in the non-energy index

c/ Steel not included in the non-energy index

\$ = U.S. dollar ¢ = U.S. cent bbl = barrel cum = cubic meter dmtu = Dry Metric Ton Unit kg = kilogram mmbtu = million British thermal units
 mt = metric ton toz = troy oz n.a. = not available n.q. = not quotation